

Agenda Item #

6

Meeting Date

June 15, 2010

COUNCIL AGENDA ITEM SUMMARY

City Of Tigard, Oregon

Issue/Agenda Title Discussion regarding an Intergovernmental Agreement between the City of Tigard and the City of Sherwood for Joint Funding of Water Supply Improvements

Prepared By: Dennis Koellermeier

Dept Head Approval:

DK
CK

City Mgt Approval:

CR

ISSUE BEFORE THE COUNCIL

Shall the City Council enter into a joint financial agreement with the City of Sherwood to develop water supply improvements?

STAFF RECOMMENDATION

Participate in discussion and recommend entering into the Intergovernmental Agreement at a future date.

KEY FACTS AND INFORMATION SUMMARY

- The City of Tigard is a member of the Willamette River Water Coalition (WRWC). That coalition includes, among others, the City of Sherwood.
- The WRWC currently acts as the custodian of water rights on the Willamette River, granted to its members.
- Tigard, by previous agreement, is entitled to 20 million gallons per day (MGD) of those water rights, which have been extended to 2040.
- Sherwood is currently building pipelines and other improvements to access water from the Willamette Treatment Plant and deliver it to Sherwood. Sherwood has elected to oversize portions of these improvements due to favorable bidding conditions and anticipation of future use by other WRWC partners.
- Sherwood has offered this surplus capacity to both Tualatin and Tigard. Tualatin has since elected not to participate at this time.
- Tigard has recently completed its Water Master Plan which concludes that Tigard's total system capacity resulting from the Lake Oswego partnership and our ASR sources will need to be augmented with additional supply sometime near 2030.
- Staff has concluded that development of the Willamette River water rights during the 2030-40 time period is a likely scenario for the Tigard Water Service Area (TWSA), and as such should be considered in future planning.
- Partnering with Sherwood to develop a portion of the necessary infrastructure at this time would save TWSA customers a significant amount of money in the future.
- The total investment needed at this time is \$1 million, with additional payments of an estimated \$3.3 million needed over the next five years. This partnership agreement will provide the following:
 - 20 MGD of capacity to the TWSA via the new pipeline connecting Wilsonville to Sherwood;
 - and

- Guaranteed access to the existing supply pipeline that extends from Sherwood to Tualatin. Tigard and Sherwood would execute a separate agreement for this pipeline, along with a firm buy-in pricing structure, at some future date, not yet determined.
- The City Attorney's office has reviewed this agreement in light of the Tigard Charter provisions dealing with the requirement for a citywide vote to use the Willamette River as a water source and has indicated they will prepare a favorable opinion prior to Council adoption.
- The Intergovernmental Water Board (IWB) has been studying this proposal and generally supports the IGA.

OTHER ALTERNATIVES CONSIDERED

The City could choose to not partner with the City of Sherwood at this time. The results of that decision would be to defer investing in water improvements that would allow use of the City's water rights as held by the Willamette River Water Coalition.

CITY COUNCIL GOALS

None

ATTACHMENT LIST

- 1) DRAFT IGA
- 2) WRWC AGREEMENT
- 3) PROJECT MAP

FISCAL NOTES

This partnership has been in development for over a year, and the initial \$1 million dollar investment has been included in the FY 2010-11 budget. Subsequent payments totaling an estimated \$3.3 million can be included in future debt financing instruments being developed for the Lake Oswego/Tigard partnership. Those debt issuances are anticipated to be repaid by water rates and water SDC's.

6. DISCUSS INTERGOVERNMENTAL AGREEMENT (IGA) BETWEEN THE CITY OF TIGARD AND THE CITY OF SHERWOOD FOR JOINT FUNDING OF WATER SUPPLY IMPROVEMENTS

Public Works Director Koellermeier introduced Sherwood Public Works Director Craig Sheldon who has been working with Tigard's legal staff to bring this proposal tonight. He said the partnership with Lake Oswego has a fixed capacity and Tigard officially expects to get 14 million gallons a day (MGD).

He said the current supply plan is using water from the Lake Oswego partnership and buffering it with ASR wells which will get us to the year 2030, according to the latest estimates. He said towards the year 2035 Tigard's water needs will grow above the 14 MGD.

He said Sherwood has decided to go to the Willamette Treatment Plant. He showed pipeline alignment maps. He said Sherwood is currently building pipelines and has elected to oversize portions of these improvements due to favorable bidding conditions and anticipation of future use by other Willamette River Water coalition partners.

He said Tigard is a member of the Willamette River Water Coalition (WRWC) and is entitled to 20 million gallons per day of those water rights, which have been extended to 2040. Tigard would buy 20 MGD of capacity in the Wilsonville to Sherwood pipeline and have guaranteed access. He said Tigard has the option to pay into this over time.

He said the legal question is whether this violates Tigard's Charter Amendment regarding Willamette River water. The City Attorney is confident that he will be able to render an opinion that since this pipeline doesn't connect to the city of Tigard, there is no violation. Public Works Director Koellermeier reminded Council that Tigard's Water Service Area is larger than the city limits and also includes Durham, King City and the Tigard Water District. None of these other partners have the Willamette River restriction the City of Tigard has.

As to the question of timing, Public Works Director Koellermeier said it is an opportunity that is being presented to us now as Sherwood builds their pipeline. He said Tigard owns 20 MGD at the Willamette Treatment Plant as part of its membership in WRWC. He said taking action now will ensure Tigard has the future capacity it needs.

Councilor Webb mentioned an opportunity she heard about at the last WRWC meeting to place the pipeline along a Metro trail that is going to be built, potentially saving money by combining the work. Sherwood Public Works Director Sheldon said that decision will be made in July.

Councilor Henderson noted that the pipe wouldn't connect to Sherwood, but asked if water could go the other direction in case of need. Sherwood Public Works Director Sheldon agreed that it could. Mayor Dirksen asked if Tigard could sell unneeded WRWC water in the future to Sherwood or Tualatin. Public Works Director Koellermeier said that could be done in the terms of our agreement.

Sherwood Public Works Director Sheldon said there will need to be upgrades at the treatment plant and a pipe section in Sherwood that would have to be added onto. They are putting in a 48-inch pipe rather than a 36-inch pipe for the regional partners. Council President Wilson said, thinking regionally, having interconnected pipes would be a good idea.

Public Works Director Koellermeier said the Intergovernmental Water Board has been following this for awhile. A draft agreement is before Council and staff will schedule approval for a future Council meeting.

TIGARD CITY COUNCIL MINUTES— JUNE 15, 2010